

Message Text

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ORIGIN EA-14

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 INR-10 NSAE-00

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY VIENTIANE

INFO AMEMBASSY PHNOM PENH

AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 143928

E.O. 11652, GDS

TAGS: EAID, AS, LA, CB

SUBJ: AUSTRALIAN CONTRIBUTION TO FEOF AND ESF

REFS: (A) VIENTIANE 5045

(B) CANBERRA 4038

1. DEPTOFF MET WITH AUSTRALIAN AMBASSADOR PLIMSOLL ON JULY 20 REGARDING REPORT FROM VIENTIANE. LATTER STATED THAT HE HAD ALREADY QUERIED CANBERRA BRIEFLY AND HAD BEEN ASSURED OF AUSTRALIAN COMMITMENT TO 1973 FEOF. ANSWER REGARDING FUTURE FEOF PARTICIPATION WAS UNCLEAR FROM CANBERRA'S REPLY TO HIM BUT WE RECEIVED IMPRESSION THAT FINAL DECISION NOT RPT NOT MADE. IN DISCUSSION THIS SUBJECT FOLLOWING POINTS WERE MADE TO THE AMBASSADOR, WHICH EMBASSY CANBERRA MAY WISH TO USE IN ITS APPROACH AND WHICH PLIMSOLL EXPECTED TO MAKE TO CANBERRA:

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(A) WHILE PROJECT AID NECESSARY AND USEFUL, IT IS LONG TERM AND DOES NOT MEET IMMEDIATE PROBLEMS SUCH AS PAYMENT FOR GASOLINE AND OTHER VITAL IMPORTS.

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(B) FEOF IS SOMETHING WHICH BRINGS JAPAN INTO THE LAO SITUATION AND WILL HOPEFULLY BRING OTHERS IN IN THE FUTURE. IT GIVES AN INTERNATIONAL FLAVOR TO AID TO LAOS AND THEREFORE MAKES IT EASIER FOR THE LAO TO ACCEPT DONOR'S REPRESENTATIONS. IT AVOIDS THE APPEARANCE OF ANY SINGLE GOVERNMENT GIVING ADVICE TO RLG.

(C) AS CONCERNS THE US, THE INTERNATIONAL ASPECT OF FEOF HELPS THE ADMINISTRATION TO OBTAIN FUNDS FROM THE CONGRESS.

(D) WITH NEGOTIATIONS APPARENTLY PROCEEDING AT A BETTER PACE, AN ANNOUNCEMENT OF AUSTRALIAN WITHDRAWAL FROM FEOF AT THIS TIME WOULD BE EXTREMELY BAD FOR SOUVANNA PHOUMA IN THAT IT COULD BE INTERPRETED AS DEMONSTRATING LACK OF CONFIDENCE AND WEAKEN HIS HAND.

2. SAME POINTS OF COURSE APPLY TO THE CAMBODIAN ESF BUT EVEN MORE STRONGLY AS CONCERNS THE POLITICAL AND INTERNATIONAL IMPLICATIONS. AUSTRALIAN WITHDRAWAL COULD WELL BE DISASTROUS SINCE IT WOULD BE SEIZED ON BY GRUNK AND MANY STATES IN THE THIRD WORLD AS A SHIFT FROM SUPPORT OF LEGITIMATE GOVERNMENT TO THAT OF SIHANOUK.

3. FYI. PALMER, WHO HAS JUST RETURNED FROM HEADING IMF MISSION TO VIENTIANE, YESTERDAY STATED TO DEPARTMENT OFFICER THAT ALLEGED AUSTRALIAN INTENTION COMMON KNOWLEDGE IN VIENTIANE AND THAT FRENCH AND BRITISH SIMILARLY INCLINED.

4. IN VIEW OF FOREGOING, AMBASSADOR GREEN IS REQUESTED TO MAKE STRONGEST POSSIBLE APPROACH TO AUSTRALIAN GOVERNMENT CITING "UNCONFIRMED REPORTS." HE SHOULD PARTICULARLY EMPHASIZE THE DANGEROUS TIMING OF THIS PROPOSED CHANGE IN AUSTRALIAN AID TO BOTH LAOS AND CONFIDENTIAL

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CAMBODIA, WHICH HAS MEANT SO MUCH TO THE FISCAL AND POLITICAL STABILITY AND SURVIVAL OF THESE COUNTRIES. THE US ALSO WOULD PREFER GIVE PROJECT ASSISTANCE BUT ALL DONOR COUNTRIES SHOULD REALIZE THAT SUCH ASSISTANCE WILL NOT BE EFFECTIVE IF THE GOVERNMENTS TO WHICH IT IS GIVEN ARE UNABLE TO MAINTAIN RELATIVE MONETARY STABILITY AND IMPORT ESSENTIALS. THE FEOF AND ESF ALSO PROVIDE IMPORTANT AVENUES OF INTERNATIONAL INFLUENCE AND GUIDANCE

ON RLG AND GKR WHICH HELP US ALL TO INSURE PROPER
UTILIZATION OF FOREIGN ASSISTANCE OF ALL KINDS.

5. FOR VIENTIANE: CAN YOU CONFIRM PALMER'S IMPRESSION
THAT HMG AND GOF REPS REFLECT BORTHWICK'S VIEWS?

6. FOR LONDON AND PARIS: WE WOULD APPRECIATE ANY
INFORMATION YOU MAY BE ABLE TO OBTAIN CONCERNING VIEWS OF
GOVERNMENTS REGARDING ABOVE AND IN YOUR CONVERSATIONS,
YOU MAY USE ARGUMENTATION GIVEN ABOVE IN ORDER FORESTALL
ANY SHIFTS FROM FEOF AND ESF. RUSH

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